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FROM: Khartoum

TO: Secretary of State

NO: 277, October 12, 2 p.m.

Department CIRTEL 644

Reactions in Sudan to US withdrawal from Volta River Project would be complex because withdrawal has two separate but related aspects, both of which would be in minds reacting Sudanese: (1) Denial of money to Ghana per se and (2) Violation of principle of disinterested aid, since withdrawal presumably would be for political reasons.

Re (1), reaction would range from strongly adverse on part small group left-wing intellectuals, those who believe vaguely in African solidarity, and local communists to probably favorable on part certain GOS officials, whose attitude toward Ghana largely determined by Ghanian support for Gizenga contrary to Sudanese interests.

Re (2), reaction would be adverse in all groups aware of decision. US action would "prove" strings attached to aid. Reacting groups, including GOS , would consider action "intervention," would see in it move likely heighten "cold war tensions" in Africa and would wonder if US might fight in future over similar action in Sudan. US-UK-IBRD action on Aswan Dam and French treatment of Guinea would be recalled. Groups like local communists and possibly Ghanaian Embassy could be expected work hard present matter in worst possible light. Their activity would find responsive audience but in itself would not significantly strengthen adverse reaction to violation of principle.

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Reacting groups in Sudan would be small, limited to intellectuals, persons

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persons engaged covert political activity and government officials, probably totaling no more than few thousand. Of these, government officials most important.

Adverse reaction government officials, which on balance would probably outweigh favorable, could be mitigated somewhat, but not eliminated entirely, by two kinds of action accompanying withdrawal. First, partly favorable reaction arising from denial of money to government working against Sudanese interests could be enhanced by making additional money for development available to Sudan. Second, candid statement of political considerations underlying decision to withdraw could be helpful, if it clearly put Ghana in political category which could not include Sudan by any definition considered reasonable by GOS. USG might assert that Ghana, by adopting long-term policy actively cooperating with Soviet bloc against US global interests, has raised such doubts in US mind as to its neutrality as to require US reconsider wisdom of investment US public and private funds of this magnitude. Impression to be conveyed would be that Ghana has passed point which countries like Sudan have no intention even approaching. Inherent risk of implying Ghana being abandoned to Soviet bloc would have to be dealt with, perhaps by pointing to continuation other forms US assistance. If Ghana then rejected all US assistance, good case could be made for assertion that Ghana voluntarily siding with bloc and not being forced into such position by US or West. If only economic reasons given for withdrawal, US position unlikely be convincing to Sudanese who fully aware of Ghana's difficulties with US and UK and will supply own political motives if we do not.

Should USSR replace US in project financing, Soviet image in Sudan would be enhanced among groups already favorably disposed toward USSR and possibly some genuinely neutral elements.

Although reaction in general would be adverse, Embassy believes positive

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positive mitigating action would make reaction manageable problem which should not seriously affect US-Sudanese relations.

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